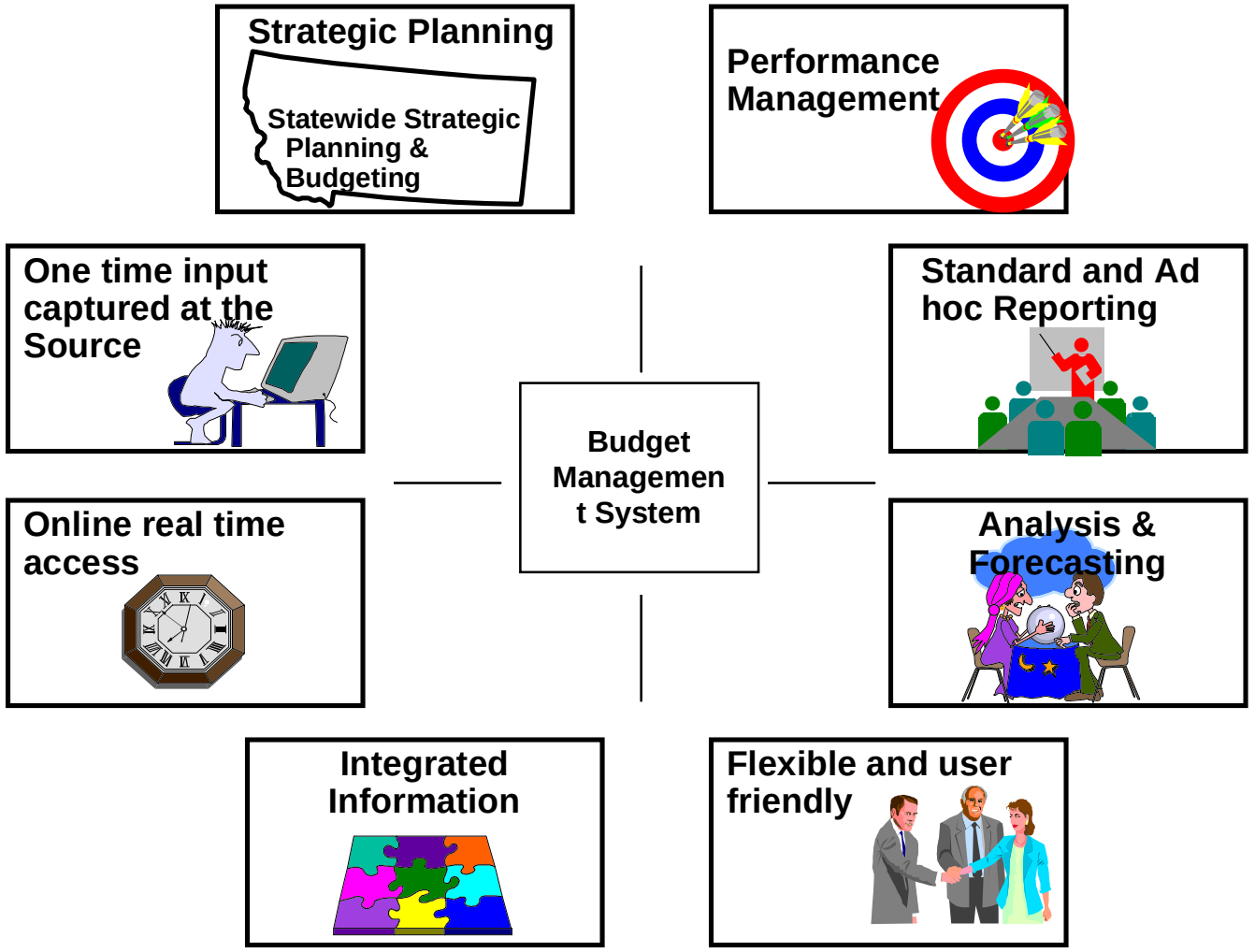
Appendix B
Budgeting Process Vision

Appendix B - Description of the Process Vision - Vision Themes

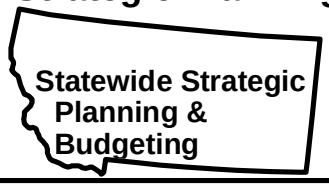
- The vision is supported and enhanced by vision themes which describe the key principles for realizing the vision.



- Vision attributes describe more specific characteristics of the vision themes.

Appendix B - Detailed Description of the Process Vision - Vision Themes

Strategic Planning



Description:

- **Budget is initiated by strategic goals from the Legislature and the Governor.**

Attributes:

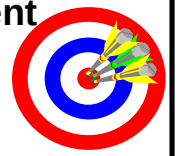
- The Governor and the Legislature will have an opportunity to provide strategic direction to drive the budget development process.
- Legislative review of the budget at the program or departmental level will take place biennially with performance measures available to compare against strategic objectives.
- Central budgetary agencies will provide guidelines for budget development and will review whether the programs reflect the strategic plan developed by the Governor and the Legislature. If necessary, the OBPP will be responsible for establishing the ultimate priorities to meet balanced budget requirements.
- Final budget is requested and approved at the higher levels of authority. Departments/programs are free to manage their budgets once approval is received.
- Training for legislators in the budgetary process will be provided.

Benefits/Savings:

- Agencies will be better able to allocate and manage their resources and to respond to legislative and public queries.
- Better allocation of state resources to support the strategic direction of the state.

Appendix B - Detailed Description of the Process Vision - Vision Themes

Performance Management



Description:

- **Goals are incorporated into budget development and analysis, and are monitored and reported upon using performance measures. The measures include mixture of financial, and non financial measures in order to consider all dimensions of state government.**

Attributes:

- Agencies will develop their budget requests based on performance goals and service targets that are developed in conjunction with the strategic planning process.
- A small number of high level indicators will be developed for external reporting to the Legislature. Additional internal performance targets will be used to guide operational performance.
- Performance indicators will be widely available in order to facilitate comparisons both internally within the state and externally with other entities (States) in order to drive continuous improvement activities.
- The use of performance measures will give state managers the ability to control and adjust their operations by providing insight into actions that are affecting performance.
- The Legislature will approve budgets with a direct correlation to performance goals.
- Managers will be evaluated against the performance measures that they are responsible for and service objectives established during the budgetary process.

Benefits/Savings:

- Both financial and operational measures will be integrated into the budget. This should allow for a review of spending in the context of the services supplied.

Appendix B - Detailed Description of the Process Vision - Vision Themes

One Time Input Captured at the Source

Description:

- **Budget data will be entered once at the source, such as by the program manager.**

Attributes:

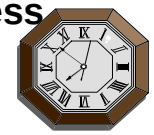
- The need to re-input the budgeting data into various systems will be reduced and more time for analysis and scenario development will be available.
- The process will be streamlined with input and validation occurring at the original point of data entry. Audit trails will preserve the source of the data through its development of the final budget document.
- The budget book will be available in electronic format (with hard copies available) and will represent the combined effort of the entire state enterprise involved in the budgetary process.
- Responsibility for the accuracy of data input will occur at the program level.
- Authority will be aligned with accountability so that users are part of the decision making process in regards to the development of the budget.

Benefits/Savings:

- Less re-keying and re-input of information.
- Fewer errors and validation points.
- More accurate data from a single documented source results in fewer errors.
- Increased ownership by program managers for the data which they input.
- Reduced overtime.

Appendix B - Detailed Description of the Process Vision - Vision Themes

Online Real Time Access



Description:

- **All budget data will be transmitted electronically and will be available at all times to all users.**

Attributes:

- All data capture, approval and budget modifications will be updated electronically to preserve a single latest version of the data. This approach will minimize paper output, filing and confusion.
- Budget status information will be easily accessible at any time.
- Tracking capability will allow for better incorporation of modifications to the budget throughout the entire budgetary process.
- The general public will have access to the summary budget through the Internet. Monitoring of the use of this accessibility will be ensured and appropriate security measures will be adopted.
- The process will be supported by the use of electronic signatures.

Benefits/Savings:

- Time savings in input and retrieval of information.
- Faster response time in dealing with information requests.
- Faster response time for approvals.

Appendix B - Detailed Description of the Process Vision - Vision Themes

Integrated Information

Description:

- **Budgetary information will be integrated with related information systems to provide seamless data analysis and reporting.**

Attributes:

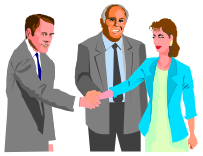
- Financial data will be integrated including budgets, actual expenditures, projections, etc.
- Multi-year and variable year tracking capabilities will be provided.
- Better linkage between program information, budgetary development, operational results and other financial systems will be achieved real time.
- A closer link between the bill drafting process, budget development and fiscal note development will be established.
- Access to information and consistency will be improved by means of agencies supporting their budgetary requests with detail. This detail will be accessible down to the transaction level.
- Complete scheduling for submission of budgetary elements will be planned out well in advance, to minimize resource disruption and reduce overtime.
- Information from various agencies will be available on a combined basis to facilitate tracking functions/ activities that cross agency lines.

Benefits/Savings:

- Savings in investment in ancillary systems and support.
- Easier access to information between various state entities.
- Direct interface with accounting module will save staff time in agencies and budget office for budget changes made during the year to agency operating budgets.
- Seamless information within budgetary and financial systems.
- More meaningful data for decision makers and managers.

Appendix B - Detailed Description of the Process Vision - Vision Themes

Flexible and User Friendly



Description:

- **The Budgetary system will be user friendly and provide the flexibility needed by various levels of users.**

Attributes:

- System will be user friendly with online help available. System edits will ensure the integrity of the data.
- The level of detail appropriate for and determined by line managers will be available in the system.
- The system will require less time and effort by all users for input and output activities.
- Training programs will focus on the development of the required competencies for the agency central budgetary function. Budget development and monitoring training for line managers will also be available.
- System availability will ensure that access to data is available year round for both agencies and analysts.

Benefits/Savings:

- Reduced time required to develop budget -- more analysis performed during its input.
- Level workload for those involved in the process resulting in less overtime and fewer temporary resources. Lower turnover resulting in savings in formal on the job training.
- Do not have to staff for peak periods.

Appendix B - Detailed Description of the Process Vision - Vision Themes

Analysis & Forecasting

Description:

- **The individual programs will have the tools and capabilities to analyze their performance in order to develop accurate forecasts and budgets.**

Attributes:

- Scenario attributes will preserve multiple versions of the budget for future use.
- Electronic tools will be available for inputting, forecasting, monitoring and analyzing budgets.
- Projection of revenue and funding sources will be more available.
- Capabilities to perform database inquires and ad hoc, what if analysis will be available.
- There will be a decreased reliance on ancillary systems.

Benefits/Savings:

- More time for better justification of the budgetary options identified.
- Ability to perform database inquiry and what if analysis.
- Better information equals improved quality of decision making.

Appendix B - Detailed Description of the Process Vision - Vision Themes

Standard and Ad hoc Reporting

Description:

- **Reporting and monitoring capabilities will be standardized across the state for senior level review and customized for ad hoc queries by individual users.**

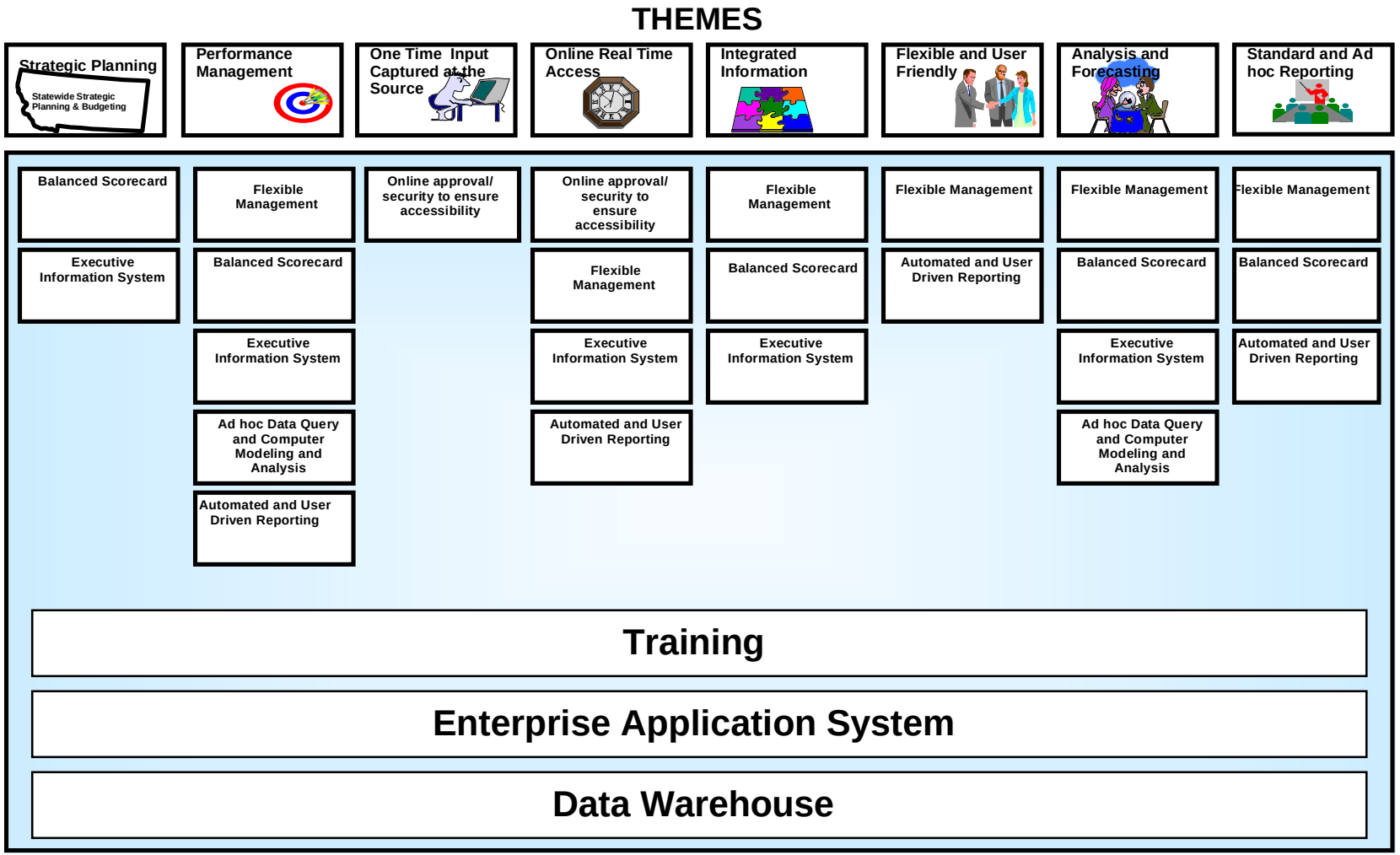
Attributes:

- Standard forms and reports will be available across all state agencies.
- The ability to manipulate and customize the data for reporting purposes will be available for program managers and other users.
- Detail will be available for year round use by line managers for monitoring expenditures against performance.
- The ability to report data at various summary levels or drill down to individual transaction level will be available.

Benefits/Savings:

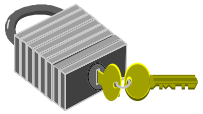
- Reduced paper and filing costs -- no more fiche. Historical records will be stored online.
- Reduced development of replicated forms and reports.
- Flexible process supports the user community. Standardized reporting with ad hoc reporting available.

Appendix B - Building Blocks - Orientation Map



Appendix B - Building Blocks - Detailed Description of Building Blocks

Online approval/ security to ensure accessibility



Investments/Costs:

- Development time.
- Administrator for monitoring device to control accessibility to the system.
- Very likely included in the purchase of a state integrated system.

Description:

- **Open, online access to information will be provided to user groups so that budget information developed will be identifiable by input user name. This approach will ensure accountability in the development of the budget. Online approvals and read only access to information will ensure accessibility, preserve security and allow for a quicker approval process. Identifiers will ensure that accessibility can be monitored for security and control purposes.**

Assumptions:

- Will be incorporated into an enterprise application system - not only into a budgetary model.
- Program administrator will grant access and maintain a list of current ID files.

Implications:

- Establishment of a full time security administrator.
- Willingness to set up security code and associated privileges so that access to sensitive information can be controlled and the public has general access to summary information.

Appendix B - Building Blocks - Detailed Description of Building Blocks

Flexible Management

Investments/Costs:

- Reward programs for problem solving skills as opposed to one time finders fees.

Description:

- **Managers will become responsible for financial and operational decisions and will become increasingly involved in the financial management of their programs.**
- **Information, both operational and financial, will be integrated and comprehensive to support the program manager.**
- **Managers will have greater flexibility in allocating their resources based upon priorities and they will be supported by information based on service levels, expenditures to date and other cost information.**

Assumptions:

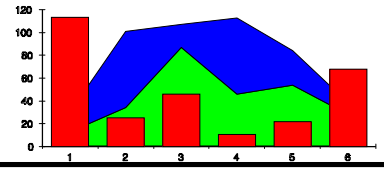
- Managers require and desire this increased involvement.

Implications:

- More involvement of managers will require an increased general level of financial skills and therefore an increased focus on training.
- Challenges of classification and staffing for financial managers will be required, perhaps in line with competency based pay initiatives pay plan bills.

Appendix B - Building Blocks - Detailed Description of Building Blocks

Balanced Scorecard



Investments/Costs:

- Need to develop coaching and training on strategic planning for the state.
- Additional programming costs to match performance measures with operational results.
- Acquisition of tools
- Integration of tool set into EAS database.
- Increased time during the legislature for strategic plan development.

Description:

- **The scorecard allows managers to measure performance based on non-financial measures. Managers use the scorecard to link management processes which contribute to linking long term strategic objectives to short term actions. Processes include: translating the vision, which assists managers to communicate both up and down the organization's vision and strategy; communication and linking, allowing managers to communicate both up and down the organization and to link departmental and individual objectives; business planning, which enables organizations to integrate their business and financial plans; and feedback and learning, which allows organizations to determine if they have achieved their budgeted financial goals.**

Assumptions:

- Performance measures and targets will be developed for each department and linked to strategic priorities of the state.
- Managers of departments and programs will report against objectives set in the budgetary process based on performance.

Implications:

- Involving more people in the process allows more information to be incorporated into the objectives. It provides for a better understanding of long term strategic goals and build commitment to achieving them.
- Involving more people in the process will result in a longer development time.

Appendix B - Building Blocks - Detailed Description of Building Blocks

Executive Information System

Investments/Costs:

- Training for all users in the operation of the system.
- Customization of information needs for each individual user would need to be developed.
- Frequently a graphical reporting interface such as Powerplay is overlaid on the system to enhance reporting quality.
- Separate cost in addition to MT PRRIME expenses.

Description:

- **An executive information system compiles, analyzes and presents on a computer screen up to the minute reports and information on activities. The data includes operations data, financial information and government statistics and is received from both online state systems and outside systems.**
- **Managers can access operating information as well as outside events on an immediate basis. Information is summarized and compiled in report form. Weekly status meetings are eliminated and managers access individuals who are responsible for the areas where performance may need to be adjusted.**

Assumptions:

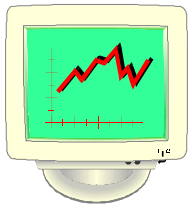
- Access to timely information requires up front work in the design of interfaces from many different systems.
- Willingness to adjust managerial style to review information that is available on demand requires new discipline.

Implications:

- The current forecasting capability is reactive, adjusting the funding formulas in order to fall within appropriation requirements. Trends are developed only after several months of results before actions are taken to adjust the budget.
- The capabilities of these systems allow for much more frequent reactions adjustments and options based on experience. Managing based on this level of information will require faster response time.

Appendix B - Building Blocks - Detailed Description of Building Blocks

Ad hoc Data Query and Computer Modeling and Analysis



Investments/Costs:

- Training in the use of these tools.

Description:

- **Sophisticated and interactive access to agency-wide information, allowing users to access specific data elements based on conditional relationships. Information from multiple databases is merged to form a single source of information. " Point and Click" tools allow online and interactive analysis of data, complete with reports, graphs and trend analysis capabilities.**
- **Electronic decision aids that are designed to simulate events based on a set of parameters , real and forecasted data. The results are predictions, descriptions or analysis. Models can be created for business processes, organizational structures and financial performance. Analytic computer models have improved the manager's ability to make complex fact based decisions. Users can quickly define parameters and explore complex " what if" scenarios as alternatives.**

Assumptions:

- Managers who are more proactive and analytical in their day to day approaches as opposed to being purely operational or reactive as to whatever " arrives" at the front door each day.

Implications:

- Forecasting tools and what if analysis will provide possible means of improvement. Management needs to have flexibility both in staffing, funding etc. to adjust their operations to the actual suggestions of the models.
- Managers will be willing to both utilize the tools and then adjust their operations based on the suggestions of the model.

Appendix B - Building Blocks - Detailed Description of Building Blocks

Automated and User Driven Reporting

Investments/Costs:

- User groups need to agree on common reports and planning tools.
- Development and maintenance of common formats

Description:

- **Routine reports required on an ongoing basis are fully mechanized and automatically generated. Ad hoc reports are created directly by the user using the query and report writer features of the information systems. Routine internal and external reports are automated yet flexible. Users can create ad hoc reports as required by querying for information and then organizing the data in a presentation format. All information required to produce exception based reports is available online, with level of access determined on a user by user basis. Users are able to slice and dice data in order to view information multi-dimensionally.**

Assumptions:

- Data is entered once at the source and does not have to be re-keyed. Data collection and ownership responsibilities must be addressed.
- Wide access to integrated information is available to support business needs.
- Must have online flexible data access and manipulation capability

Implications:

- Managers will be able to utilize standardized reports or extract, manipulate and present data in ad hoc reports. Managers will be able to use more comprehensive data in ad hoc reports. Managers will be able to use this data to make better informed decisions and focus their attention on problem areas.
- Information will be easily accessible , with roll up and drill down capability including seamless retrieval, manipulation and presentation capability.

Appendix B - Building Blocks - Detailed Description of Building Blocks

Training

Investments/Costs:

- User group to agree on common reports - planning tools.
- Training costs.
- Develop policies for possible implementation of budget analyst rotation.

Description:

- **Training programs will focus on the development of the required competencies for both the agencies' central budgeting function and for line managers.**
- **Rotation programs between centralized budget agencies and individual departments and programs should be implemented to develop more knowledgeable and experienced budget professionals.**
- **Training in the budgetary process for legislators will be provided.**

Assumptions:

- Training will be scheduled to correlate with implementation timeframe

Implications:

- A significant culture shift from transaction input to planning and analysis needs to be effected for all participants in the process.
- Effective training will have a significant impact on the success of any new system implementation.

Appendix B - Building Blocks - Detailed Description of Building Blocks

Enterprise Application Systems

Investments/Costs:

- Additional reprogramming customization costs.

Description:

- **Enterprise Application Systems (EAS) is a class of commercially available client/server software that is designed to address the generic computing needs of large organizations.**
- **EAS systems are typically modular in nature, comprising such functionality as Finance and Accounting and Budgeting, Purchasing, Inventory Management, Human Resources, Payroll and Benefits.**
- **EAS systems are fairly complex and require a significant implementation effort.**
- **Current market leaders include AMS, SAP, People Soft, ORACLE, KPMG.**

Assumptions:

- The various EAS vendors will continue to enhance both the breadth of their module offerings and the level of integration between modules.
- The implementation of an EAS will meet many of the technology requirements identified by the visioning process.
- Packages rarely fit perfectly; they will need to be modified to meet legal requirements.

Implications:

- Detailed analysis must be undertaken to assess the overall technology requirements of the various service areas to identify those obtained through an EAS and other technical requirements.

Appendix B - Building Blocks - Detailed Description of Building Blocks

Data Warehouse

Investments/Costs:

- A Data warehouse will require an additional investment.

Description:

- **A data warehouse is a staging area for information required for decision-support applications.**
- **A data warehouse collects data from various applications, integrates the data into logical subject areas, stores the information in a manner that is accessible and understandable to non-technical decision makers and *delivers* information to decision makers across the organization.**
- **A data warehouse can vary in size and scope from relatively small workgroup-based data warehouses, sometimes called *data marts*, to extremely large enterprise-wide data warehouses.**

Assumptions:

- Web-enabled versions are available for all leading vendors' warehouse tools.
- The universal client interface and the universal application programming interface for data warehousing are also available.
- Data warehousing is critical to achieving universal access to data and information.

Implications:

- A data warehousing solution could consist of a simple data mart built on an existing system or a data warehouse built on both financial and non-financial systems.
- MT Prime directionally supports data warehousing, but has not provided funding for its development.

Appendix B - Quick Wins

Quick Wins have been defined as opportunities that meet the following criteria:

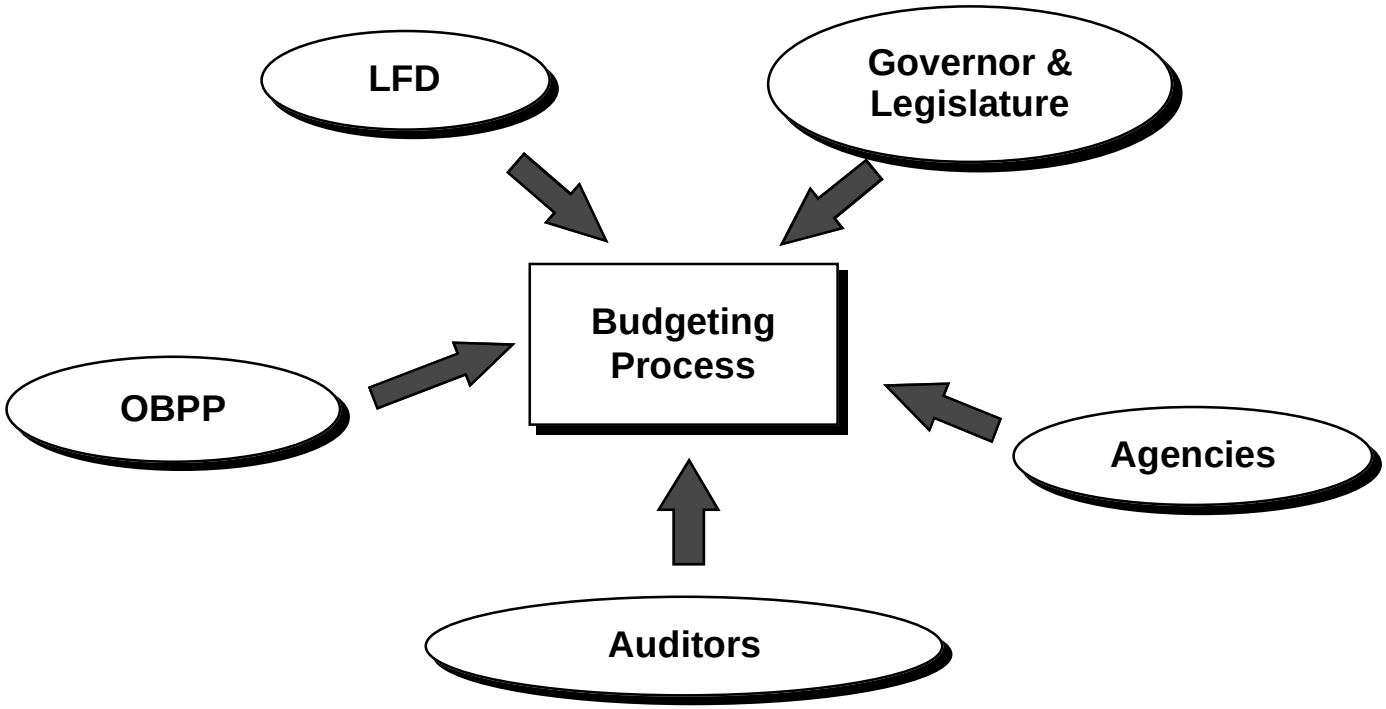
- Can be realized within a short to mid-term time-frame (3-6 months to full implementation);
- Do not require legislative changes or approval;
- Do not require fundamental changes to infrastructure, information, systems or position qualifications; and,
- Do not require a significant investment to implement (<$100,000).

Possible quick wins include:

- Develop and implement performance metrics for various state agencies;
- Implement standardized budget input spreadsheets;
- Implement standardized reporting output; and,
- Adopt state-wide implementation of Budget Allocation System (Fish, Wildlife and Parks).

Appendix B - Impacts on Stakeholders

Various stakeholders inside the budgetary process will be impacted significantly by the implementation of the vision:



The balance of this section identifies the impacts unique to each group of stakeholders.

Appendix B - Impacts on Stakeholders

Reengineering the Budgeting process will affect each stakeholder group differently. The following section summarizes the potential impacts of the vision on each group.

- **Governor & Legislature**
  - The Governor and the Legislature will be able to provide a stronger strategic direction to state agencies prior to budget development.
  - Improved relationships between the Governor, the Legislature, and external stakeholders will increase constituent satisfaction. Consistent and timely information increases policy consistency and priority establishment which enhances public perception.
  - The Governor and the Legislature will have to develop a strategic plan during their legislative session, or at some alternate point during the biennium.

- **Office of Budget and Program Planning (OBPP)**
  - Online capabilities will greatly reduce budget data inputting, recapturing of data, human errors, paper output, elapsed time for the approval process, and staff time.
  - Tracking of changes during the budget development cycle will save time and increase ease of OBPP and agency reconciliation during the process.
  - The electronic transfer of budget data will reduce turnaround time, input time, errors, hardcopy distribution costs, and paper.
  - The concept of a central budgetary data warehouse will eliminate the need for exhaustive reconciliations between various budgetary systems.
  - The new process will allow more time on policy issues and priorities rather than on detailed budgetary review.
  - The capability to perform ad hoc database inquiries and what if analysis will be helpful to budget analysts.
  - Analysis skills will have to be refined to ensure cost savings and revenue enhancement opportunities are identified.

Appendix B - Impacts on Stakeholders

- **Legislative Fiscal Division (LFD)**
  - Better tracking of changes during the budget development cycle will save time and make it easier to reconcile with the OBPP and the agencies at any point in the process.
  - The electronic transfer of budget data will reduce turnaround time, input time, errors, hardcopy distribution costs, and paper.
  - The concept of a central budgetary data warehouse will eliminate the need for exhaustive reconciliations.
  - The capability to perform ad hoc database inquiries and what if analysis will be very helpful to budget analysts. Budget book development time should be reduced as LFD is involved throughout the biennium.
  - Allow more time on policy issues and priorities rather than on detailed budgetary review.
  - Analysis skills will have to be refined to ensure cost savings and revenue enhancement opportunities are identified.

- **Auditors**
  - The shift away from a paper-based budgetary process towards an electronic environment will impact the role of auditors in the new budgetary process. Auditors will need to follow electronic audit trails in the new process, and some of their responsibilities will be built into system edits as opposed to detail transactions.
  - Improved audit trail will allow for greater review of transactions in a more comprehensive audit facilitated by technology.
  - The increased access to information will challenge auditors with the need to prioritize their audit on a more focused basis.

Appendix B - Impacts on Stakeholders

- **Agencies**
  - Links to operational and human resource systems may need to be rebuilt.
  - The new budgetary process will facilitate monitoring and evaluating outcomes more easily.
  - Less staff time will be needed to input budget data. More time will be available for planning and analysis.
  - Less time will be spent reconciling between various financial systems.
  - The capability to perform ad hoc database inquiries and what if analysis should be very helpful to agency staff and division/program managers. Information will be easily accessible, with a capability to easily roll-up and drill down data, including a seamless retrieval, manipulation, and presentation capability.
  - The technology will incorporate both standardized planning and reporting tools to support distributed budget preparation allocation and analysis.
  - Historical and rolling trend information will be available for managers to make better projections.
  - Budgetary, expenditure and projection information will be available on an integrated basis so that managers have information they need to manage. This will include multi-year and variable year tracking.
  - Allow more time on policy issues and priorities rather than on detailed budgetary review
  - Online capabilities will greatly reduce recapturing efforts, errors, paper, and the elapsed time for the approval process.
  - The electronic transfer of budget data will reduce turnaround time, input time, errors, hardcopy distribution costs, and paper.
  - The concept of a central budgetary data warehouse will eliminate the need for exhaustive reconciliations between various budgetary systems.
  - The technology will incorporate both standardized planning and reporting tools to support distributed budget preparation and analysis.
  - Common budgeting system and accessibility across agencies runs counter to the current state culture.
  - Analysis skills will have to be refined to ensure cost savings and revenue enhancement opportunities are identified.